

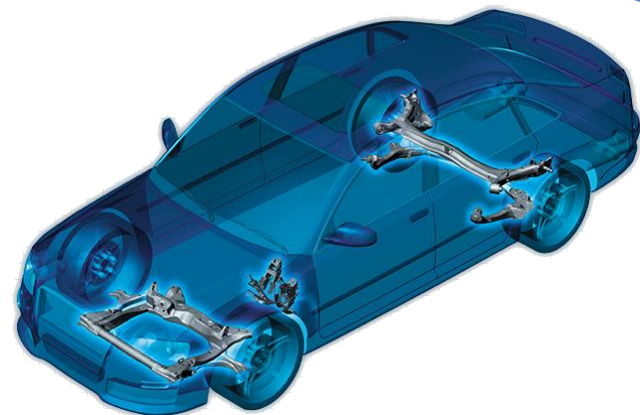
Fiscal Year Ending March, 2023 2Q Financial Results

November 7th, 2022

F-TECH INC.

TSE Prime Market:7212

<https://www.fttech.co.jp>



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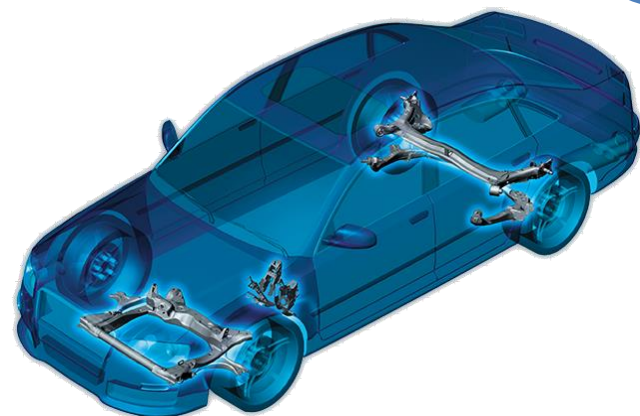
Earnings Forecast

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Consolidated Financial Results Overview (Year on Year)



(Unit: Million Yen)

	FY Mar. 2022 2Q Actual		FY Mar.2023 2Q Actual		Change	
Sales	89,049	100.0%	121,260	100.0%	32,211	36.2%
Operating Profit	▲1,424	▲1.6%	▲1,085	▲0.9%	338	-
Ordinary Profit	▲1,627	▲1.8%	229	0.2%	1,856	-
Profit Attributable to Owners of Parent	▲2,340	▲2.6%	661	0.5%	3,002	-
Earnings Per Share (Yen)	▲125.94	-	35.61	-	161.56	-

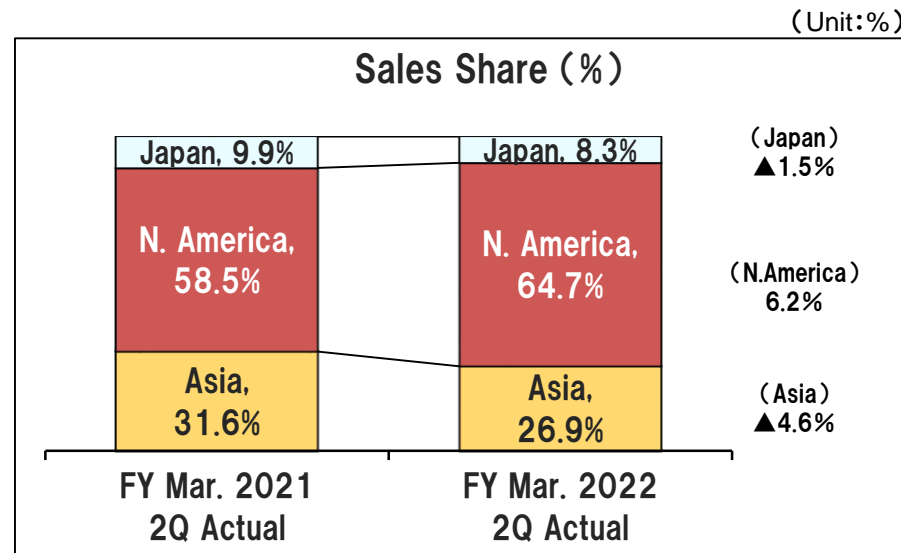
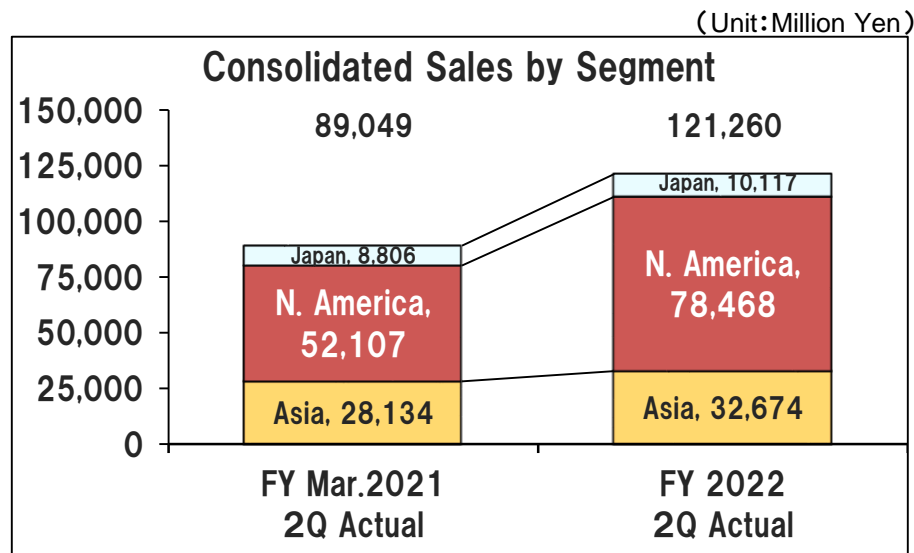
FX Rate

(Unit: Yen)

	FY Mar. 2022	FY Mar. 2023	Change
1US\$	110.10	135.30	25.20
1CAN\$	88.59	104.06	15.47
1Yuan(RMB)	16.76	19.13	2.37

Returned profitable in Ordinary profit and Net income attributable to owners of parent

Consolidated Sales (Year on Year)



Change in Consolidated Sales

	FY Mar. 2022	FY Mar. 2023	Change	Change(%)	FX Impact	Real Difference	Change(%)
Japan	8,806	10,117	1,310	14.9%	-	1,310	14.9%
North America	52,107	78,468	26,360	50.6%	12,665	13,695	26.3%
Asia	28,134	32,674	4,539	16.1%	3,903	637	2.3%
Consolidated	89,049	121,260	32,211	36.2%	16,568	15,643	17.6%

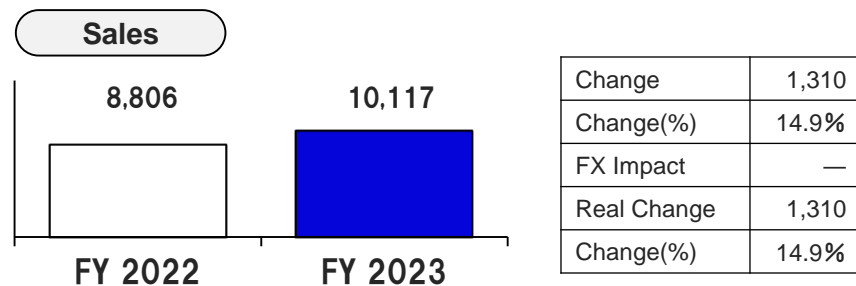
Despite the impact of semiconductor shortages, production in North America increased due to new orders

Operating Profit by Segment (Year on Year)

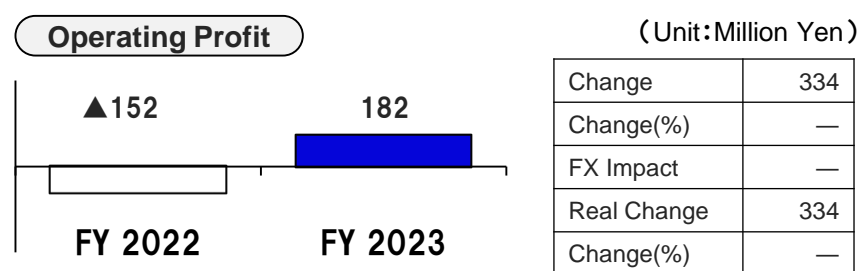
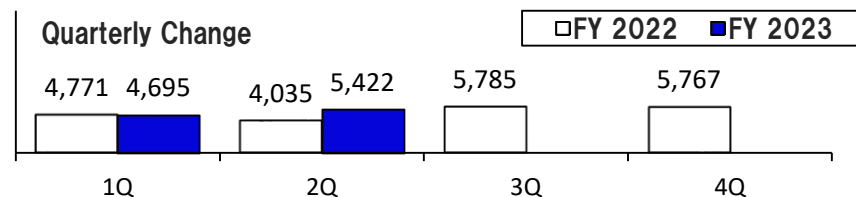
(Unit: Million Yen)

	Amount			
	FY Mar.2022 2Q Actual	FY Mar.2023 2Q Actual	Change	Change (%)
Japan	▲152	182	334	—
North America	▲2,148	▲2,205	▲56	—
Asia	1,020	710	▲310	▲30.4%
Total	▲1,280	▲1,313	▲32	—
Adjust.	▲143	227	371	—
Consolidated	▲1,424	▲1,085	338	—

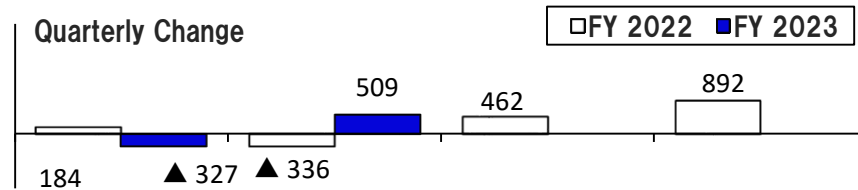
Consolidated Operating Performance by Segment (Japan)



	Reason of Change	
1	New orders received from TOYOTA and rising selling price due to the material price hike	1,060
2	Machinery and tools sales increase (Sales of die equipment for the Group)	1,334
3	Technical services sales increase (Royalty, Development fee, etc.)	571
4	Domestic subsidiaries sales increase	136
5	Inter-company sales decrease	▲1,791
	Total	1,310



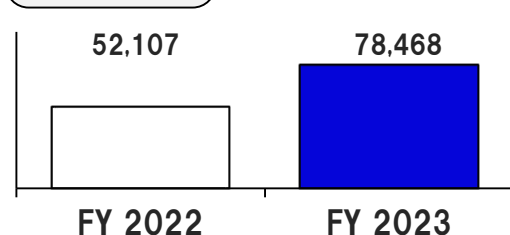
	Reason of Change	
1	Decrease in income due to HM Sayama plant shutdown and soaring price, despite increase in sales by new orders received	▲39
2	Increase in income due to higher machinery and tools sales	367
3	Increase in income due to higher technical services sales	571
4	Domestic subsidiaries profits decrease	▲156
5	Decrease in income due to lower sales to the Group	▲409
	Total	334



Sales and profit increased owing to the effect of machinery and tools sales and technical services income covering the decrease in product sales

Consolidated Operating Performance by Segment North America

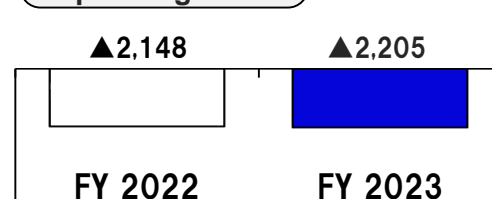
Sales



Change	26,360
Change(%)	50.6%
FX Impact	12,665
Real Change	13,695
Change(%)	26.3%

Operating Profit

(Unit: Million Yen)



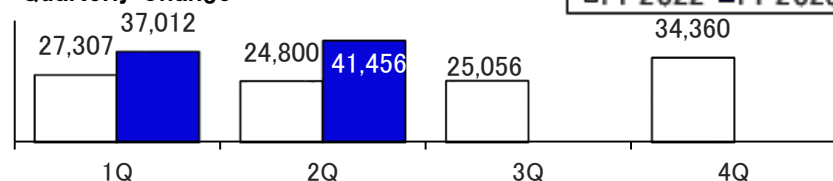
Change	▲56
Change(%)	—
FX Impact	▲410
Real Change	353
Change(%)	—

	Reason of Change	
1	Increase of product sales(HM▲2,343, Others9,625)	7,282
2	Increase of machinery and tools sales	2,984
3	Rising selling price reflecting material prices hike	3,429
4	FX impact	12,665
5		
	Total	26,360

	Reason of Change	
1	Increase in income due to higher product sales	971
2	Increase in income due to higher machinery and Tools sales	850
3	Influence of soaring cost prices(transportation cost, wage, fuel)	▲617
4	Decrease of government grant, others	▲850
5	FX impact	▲410
	Total	▲56

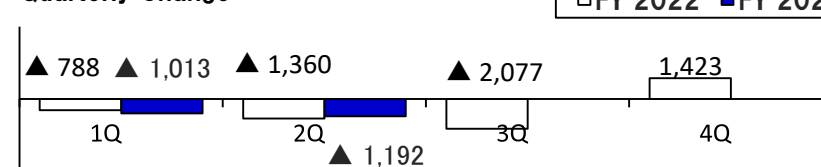
Quarterly Change

□FY 2022 ■FY 2023



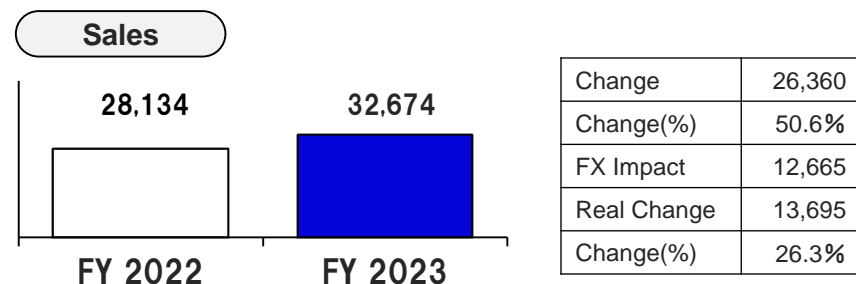
Quarterly Change

□FY 2022 ■FY 2023

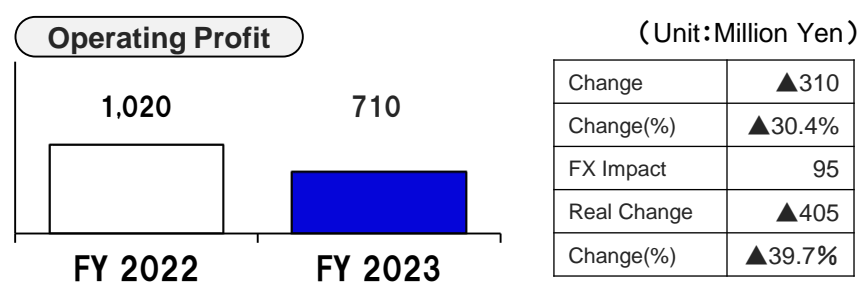
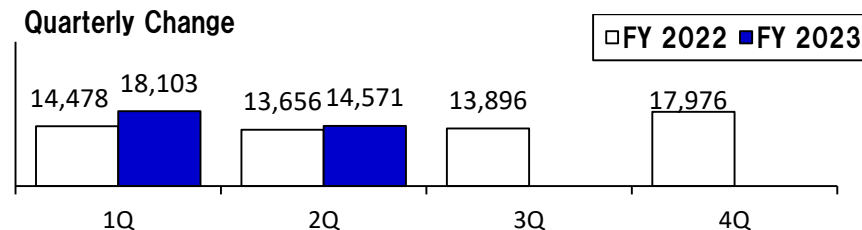


Sales increased due to new orders, but Operating profit decreased due to soaring cost and the elimination of temporary favorable factors.

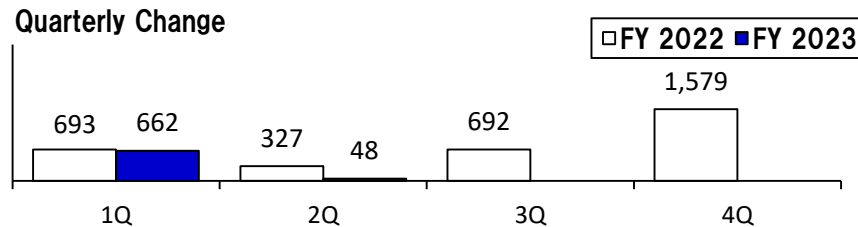
Consolidated Operating Performance by Segment (Asia)



	Reason of Change	
1	(China)Sales decrease (Material cost hike 3,123 , Orders received decrease ▲4,920)	▲1,797
2	(Asia) Orders received increase	656
3	(Asia)Sales increase due to ISS acquisition	1,777
4	FX Impact	3,903
	Total	4,539

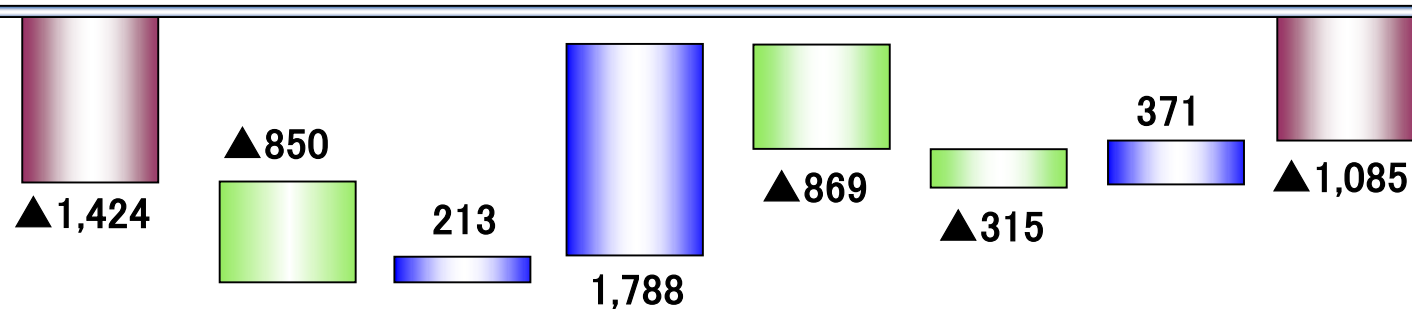


	Reason of change	
1	(China)Decrease in income due to lower product sales	▲779
2	(Asia)Increase in income due to higher product sales	294
3	(Asia)Increase in income due to ISS acquisition	80
4	FX impact	95
5		
	合計 Total	▲310

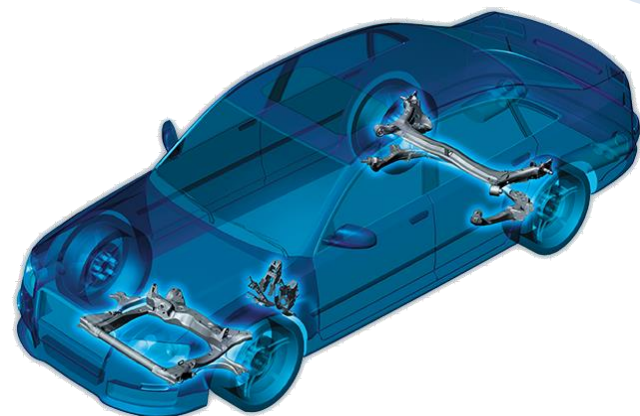


China : Decrease in sales and profit due to Shanghai Lockdown,,
Asia : Increase in sales and profit due to production recovery and acquisition of ISS

Changes in Operating Profit by Segments (FY Mar.2023 2Q Actual)



	FY Mar.2022 2Q	Covid-19 Government Grant etc.	Product Sales Impact	Machinery and Tools, & Technical services sales impact	Soaring Prices	FX Impact	Consolidated Adjustment	FY Mar.2023 2Q	Change
Japan	▲152		▲352	938	▲252			182	334
North America	▲2,148	▲850	970	850	▲617	▲410		▲2,205	▲56
Asia	1,020		▲405			95		710	▲310
Adjust	▲143						371	227	371
Consolidated	▲1,424	▲850	213	1,788	▲869	▲315	371	▲1,085	338



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Consolidated Budget Outlook (Compared to the Previous Forecast)



(Unit: Million Yen)

	Previous Forecast		Forecast for this time		Change	
Sales	270,000	100.0%	270,000	100.0%	-	
Operating Profit	4,000	1.5%	2,000	0.7%	▲2,000	▲50.0%
Ordinary Profit	3,000	1.1%	2,400	0.9%	▲600	▲20.0%
Profit Attributable to Owners of Parent	1,000	0.4%	1,500	0.6%	500	50.0%
Earning Per Share(Yen)	53.80	—	80.69	—	26.89	—

FX Impacts

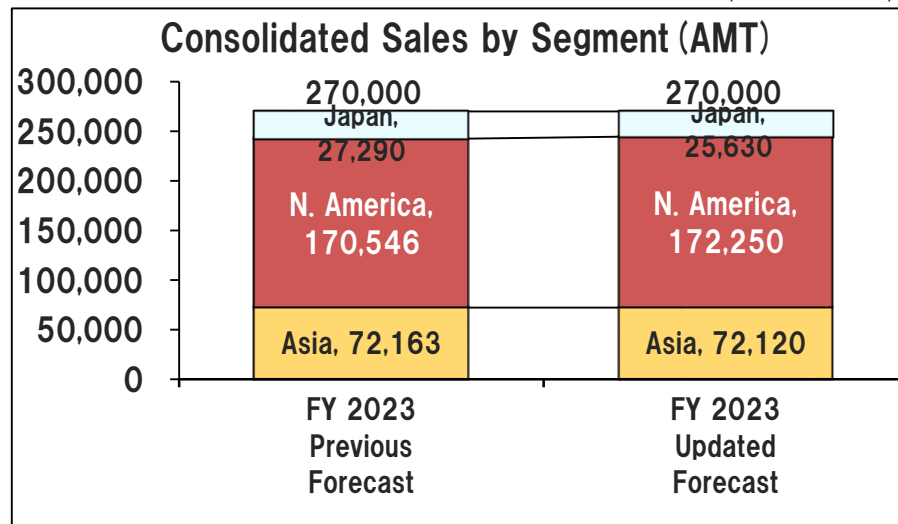
(Unit: Yen)

	Previous Forecast	Forecast for this time	Change
1US\$	127.00	136.25	9.25
1CAN\$	99.50	105.26	5.76
1Yuan(RMB)	19.00	19.61	0.61

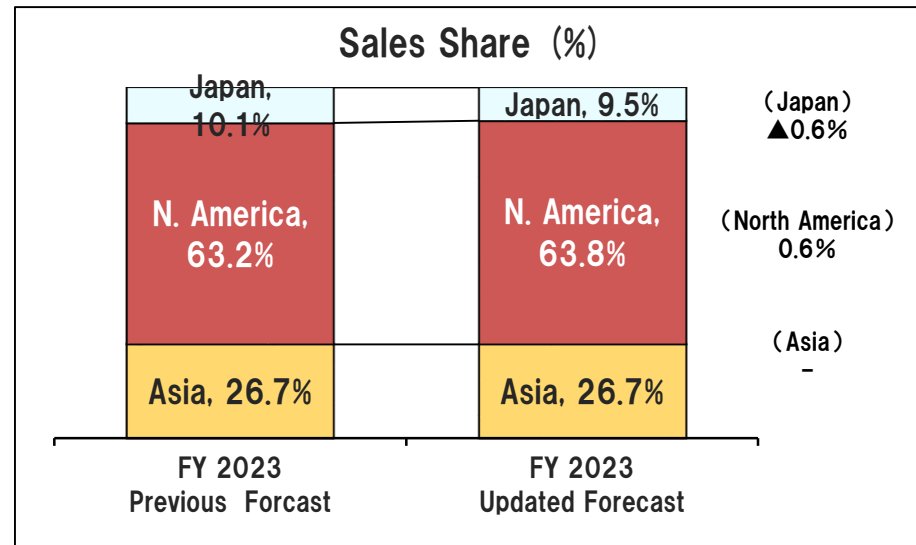
Decrease In Operating Profit and Ordinary Profit. Increase in Profit Attributable to Owners of Parent

Consolidated Sales (Compared to Previous Forecast)

(Unit :Million Yen)



(Unit: %)



Change in Consolidated Sales

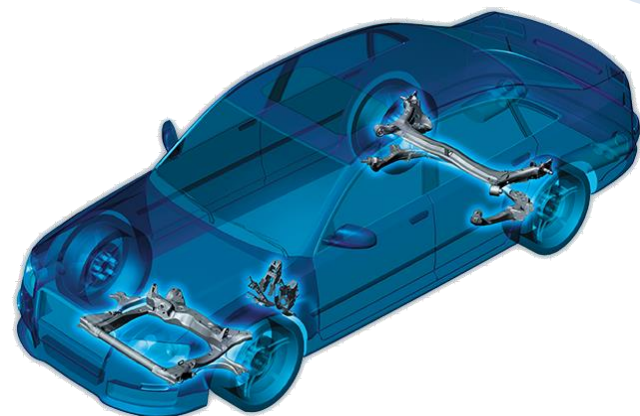
	Previous Forecast	Updated Forecast	Change	Change %	FX Impact	Real Change	Change %
Japan	27,290	25,630	▲1,660	▲6.1%	-	▲1,660	▲6.1%
North America	170,546	172,250	1,703	1.0%	10,097	▲8,393	▲4.9%
Asia	72,163	72,120	▲43	▲0.1%	2,330	▲2,374	▲3.3%
Consolidated	270,000	270,000	-	-	12,427	▲12,427	▲4.6%

Sales Amount unchanged due to FX positive impact

Operating Profit by Segment (Compared to Previous Forecast)

(Unit : Million Yen)

	Amount			
	Previous Forecast	Updated Forecast	Change	Change (%)
Japan	777	752	▲25	▲3.2%
North America	1,672	▲1,595	▲3,267	▲195.4%
Asia	1,638	2,699	1,061	64.7%
Total	4,088	1,856	▲2,232	▲54.6%
Adjustment	▲88	144	232	—
Consolidated	4,000	2,000	▲2,000	▲50.0%



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14th Midterm Business Plan

Company Policy: Let's exceed our limits!
We will, without compromise, produce the "Best One" for all our customers.

66th term (FY2021)

67th term (FY2022)

68th term (FY2023)

Back to Basics

~Master what you suppose to do~

◇Achieve profit at all facilities ◇Evolution of the simulation ◇Revival of domestic facilities

Challenge for New

~Challenge to create new value~

◇Acquire new customers ◇Challenge in new regions ◇Create new business opportunities

Maximize group efficiency

Target

【Productivity】

- Improving manpower efficiency

【Efficiency】

- Automated inspection device

【Profitability】

- Reducing scrap cost
- Turning FCF in the black

Our Vision : Aim to become the world's leading supplier specializing in the area of underbody functions

14th Midterm Three Year Business Plan

		FY2021	FY2022	FY2023
14 th Midterm Business Plan	Sales	216 Billion yen	222 Billion yen	215 Billion yen
	Operating Profit	5.0 Billion yen	7.0 Billion yen	7.5 Billion yen
	Operating Profit ratio	2.3%	3.2%	3.5%
Actual and FY2023 Plan	Sales	183.6 Billion yen	191.8 Billion yen	270 Billion yen
	Operating Profit	3.0 Billion yen	1.1 Billion yen	2.0 Billion yen
	Operating Profit ratio	1.7%	0.6%	0.7%

The midterm Business Plan was not achieved due to the significant decrease of production resulted from COVID-19 impact and the semiconductor supply shortages.

<Back to Basics ~Master what you are supposed to do~>

- ◇Achieve profit at all facilities
- ◇Evolution of the simulation
- ◇Revival of domestic facilities

<Challenge for New ~Challenge to create new value~>

- ◇Acquire new customers
- ◇Challenge in new regions
- ◇Create new business opportunities

Achieve Profit at All Facilities ~Back to Basics~

	Q2 Operating Profit Total	Factor	Activities in the 2 nd half
Japan	<p>Actual: 0.2 Billion yen</p> <p>Compared to plan: ▲0.4 Billion yen</p>	<ul style="list-style-type: none"> Decreased in value added due to reduced volume at customers Contributed to profit through tool sales to overseas facilities Royalty income reduction covered by yen depression 	<ul style="list-style-type: none"> Expense reduction ⇒ ▲0.4 Billion yen (full year) compared to before COVID-19 Increase in value added through stable new model start ups <p>For Future Earnings Growth</p> <ul style="list-style-type: none"> Continue new business initiatives Promote sales activities to acquire new models
N. America	<p>Actual: ▲2.2 Billion yen</p> <p>Compared to plan: ▲2.3 Billion yen</p>	<ul style="list-style-type: none"> Decreased in value added do to reduced volume at customers Various improvement activities are still in progress Increased in depreciation burden due to investment in new models and capacity up Increased in various costs 	<p>Manufacturing Expense Reduction</p> <ul style="list-style-type: none"> Improve manufacturing characteristics, in-house production Optimize inventory, organize outside warehouses Improve inspection process ⇒ Automation, manpower reduction Stable new model start ups <p>For Future Earnings Growth</p> <ul style="list-style-type: none"> Review the sales structure
Asia	<p>Actual: 0.6 Billion yen</p> <p>Compared to plan: + 0.1 Billion yen</p>	<ul style="list-style-type: none"> Decreased in value added due to reduced volume resulted by Shanghai Lockdown Increased in various costs 	<ul style="list-style-type: none"> Reduce outsourcing costs and labor costs through production efficiency improvement Expense reduction Stable operation of a subsidiary in India, new business expansion

Continued volume reduction due to chip shortages

Strengthening the foundation to achieve profit at all facilities by accomplishing all activities

Improvements at the facilities in the U.S. and expected results

*Exchange Rate 1US\$=JPY135.3
(Unit: Million yen)

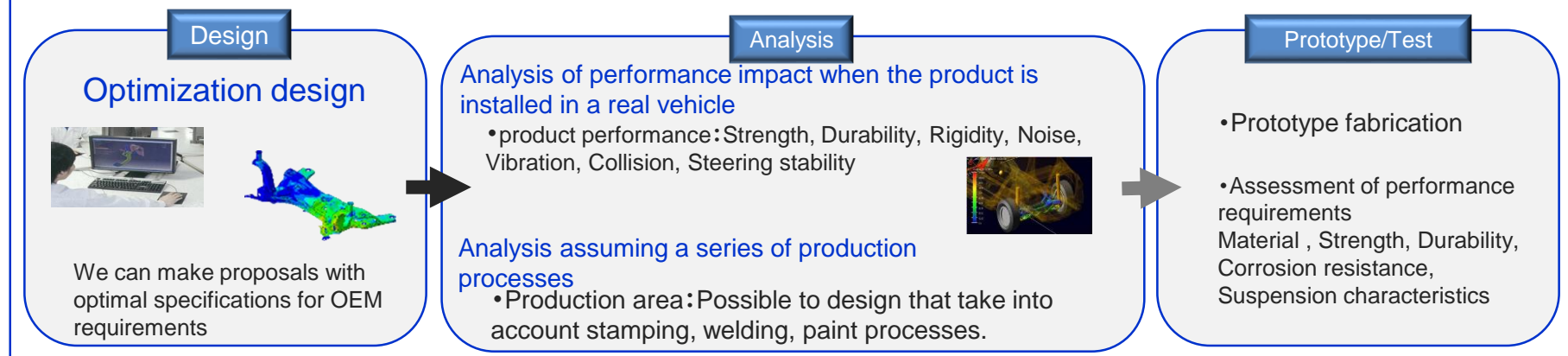
Item	Detail	What to address	Estimated effect (Q2)
Manpower reduction	<ul style="list-style-type: none"> Equipment automation Reduce indirect associates Improve operating rates 	<ul style="list-style-type: none"> Automation of assembly and Inspection processes Manpower reduction by optimizing the factory layout Dispatch Japanese experts(Die, Welding) 	166
Insourcing	<ul style="list-style-type: none"> Reduce outsourcing costs Cost down negotiation 	<ul style="list-style-type: none"> Insourcing of outsourced stamped parts Cost down negotiation of purchase parts, supplier change 	0.1
Expense reduction	<ul style="list-style-type: none"> Reduce outside warehouses Reduce scrap costs Expense reduction 	<ul style="list-style-type: none"> Control factory space by optimizing inventory Dispatch quality improvement team from Japan Long use of components for production equipment 	56
Other	<ul style="list-style-type: none"> Reflect costs in selling price 	<ul style="list-style-type: none"> Reflecting higher prices for repair parts in selling prices Reflecting material price hike in selling prices 	42

Total 264

Expected results were not achieved due to decrease in production volume.

We are working diligently to execute kaizen activities so that we can obtain the expected benefits when the production volume returns to normal.

F-tech Resources in Development Area



Development structure that can respond flexibly and precisely to OEM requirements, even if the powersource changes.

Closely collect data from actual products and reflect the correlated data into development.

Product Development

Manufacturing Process

Reflect the accumulated know-how into simulation

We are aiming to reproduce perfectly in simulation

“Reduction of costs and time in development” and “Stable start-up of new models”

	FY 2023 Activities	FY 2023 Progress
Securing sales	<ul style="list-style-type: none"> Stable start –up of mass production for new customers Efficient equipment supply in accordance with the mass production timing of new models 	<ul style="list-style-type: none"> Completed stable start up of mass production of Toyota models →Estimated sales in this fiscal year: 2 billion yen Preparing stable start-up of newly awarded models →Estimated sales in 2023 onward : 500 million yen/year
Responding to production reductions	<ul style="list-style-type: none"> Further production line consolidation →Further improvement of manpower efficiency 	<ul style="list-style-type: none"> Promote to optimize manpower efficiency →Expected further reduction of man-hours through the introduction of automated equipment and work flow on the floor
Cost reduction	<ul style="list-style-type: none"> Effective use of space →Insourcing of out-sourced production • integration of warehouse, and reduction of in-house transportation. Strict control of investments and expenses 	<ul style="list-style-type: none"> Utilize the space created by line consolidation to bring in outsourced jobs. →To be completed by the end of this fiscal year SGA expenses expected to be reduced by 5% from 2019 →Continue next year onward
Business reform of SGA departments	<ul style="list-style-type: none"> Expand the scope of business consolidation and systemization and continue to improve efficiency 	<ul style="list-style-type: none"> Process improvement of SGA operations, promoting paperless

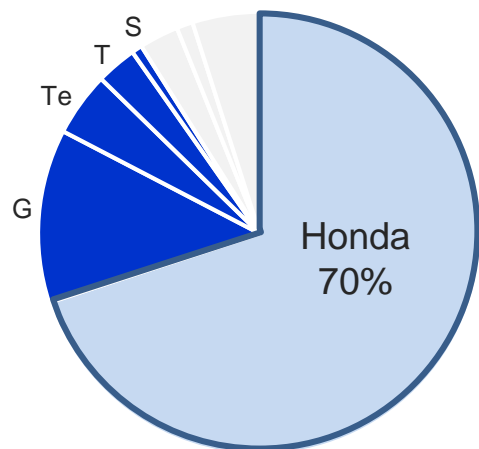
Maintain top-line and establish cost structure in line with top-line

Acquiring New Customers ~Challenge for New~

Global sales share by customers

2019

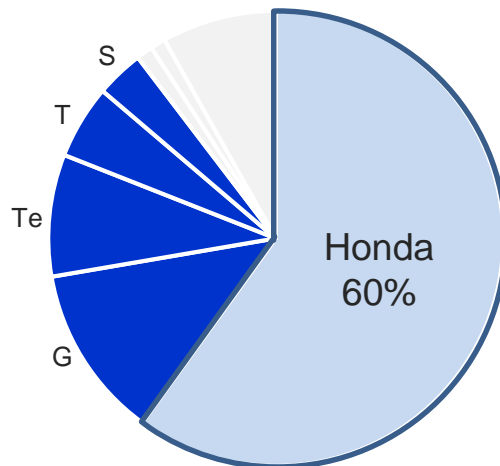
Major4 companies 21%



2022

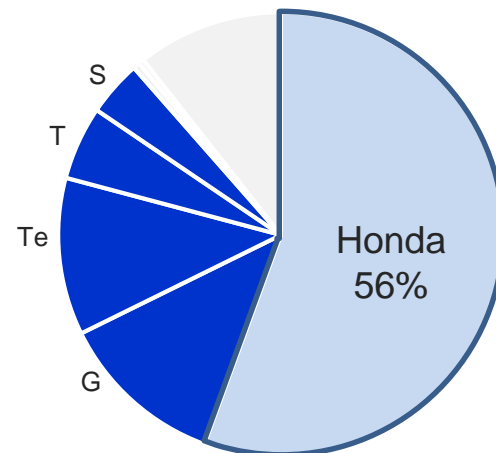
*Estimation

Major 4 companies 30%



First year of the 15th Mid-term *Plan

Major 4 companies 33%



Expanding the other customers' business based on Honda business

Strengthen further business with existing customers in the 15th Mid-term plan and beyond

Challenge for New Regions ~Challenge for New~



F&P MFG DE MEXICO, S.A. DE C.V.



Began mass production of new models and preparation for increased production

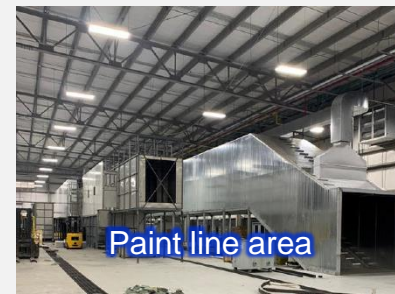
<H company>SUV	100,000 units/year
<G company>SUV	200,000 units/year
<U.S. based EVs>SUV	250,000 units/year



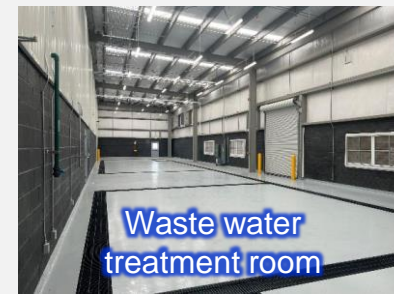
Press 3500t area



Weld line area



Paint line area



Waste water treatment room

Estimated sales from mass production of new models
FY2023: 6.3 billion yen FY2024 onward: 19 billion/year

*Exchange rate 1US\$=135.3JPY

Expansion of production capacity is on schedule
Significant growth is expected as a major plant of the group

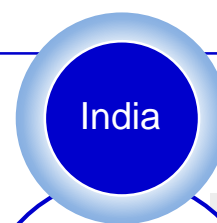
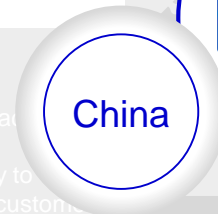
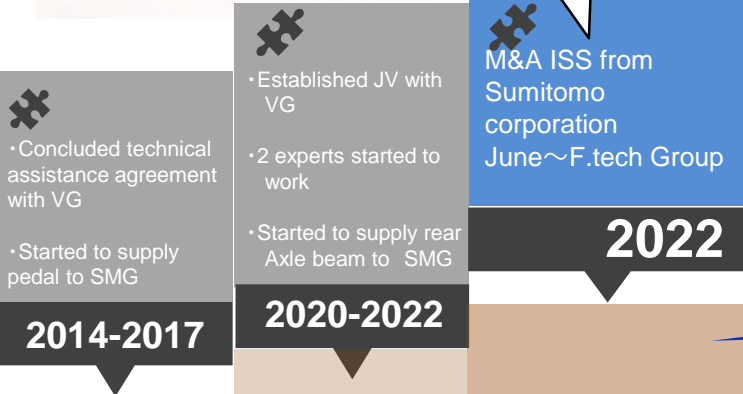
Challenge in New Regions ~Challenge for New~

<India Market> The 3rd major business area following North America and China

Impact of making ISS a subsidiary

- Sales +4 Billion Yen
- Operating Profit +200 Million Yen

(*Full-year financial forecast as of Nov 7)



Challenges for the potential growth in India

SMG: Suzuki Motor Gujarat ISS: India Steel Summit Private Limited

Establish F-tech facility in India market
Transfer the group's manufacturing know-how to facilitate new stage of growth



Identify and list up various ideas to create new business opportunities

- Bicycle parts
- IT
- Environment
- Medical equipment
- Outdoor/Leisure equipment
- Human resources/Education

Electric Mobility

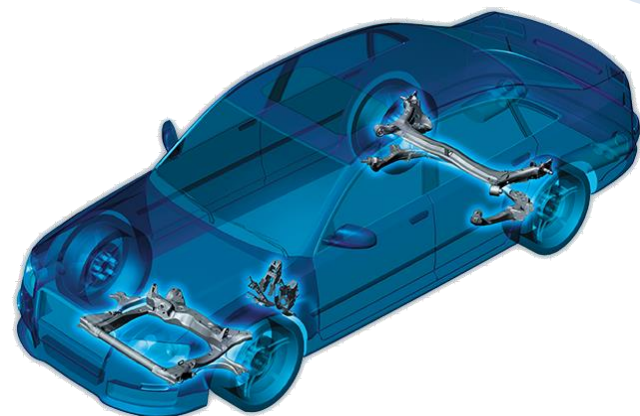
Introduced for the first time at Minami Kurihashi Smart Villa

Investigate if other areas can become business

Discussion with government and municipal offices in order to start experiment, and development for next models have started
~F-tech provide parts for parts for underbody~



Repeat various approaches to explore the possibility of new business opportunities



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Activities to date

◆ CDP Survey
• "B" rating in 2021

◆ Visualization of energy usage

◆ Energy saving activities
• Acquire and implement ISO50001
• Expand the Energy management system to the Group companies

January, 2017
Honda Green Conference 2016
Award of excellence



Energy Conservation
Award 2016
Chairman Prize of ECCJ

New initiative

In October 2022
Cross functional team to facilitate carbon neutrality
was established

Example of our
issues/challenges

- Renewable Energy/Introduction of low CO2 electricity
- High-efficient equipment/Introduction of technology
- Improvement of productivity/Review of manufacturing process

Bringing together experts from various fields to
solve problems

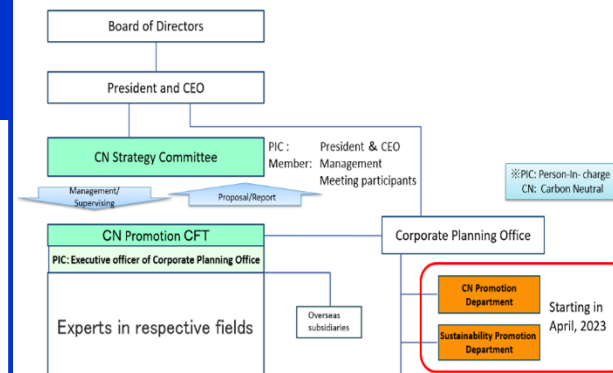
Corporate Planning, R&D, Procurement, Quality,
Facilities, Production, Administrative areas

Establish and promote mid-term and long-term activity plans

GOAL

Realization of Carbon Neutrality

Establish an implementation structure to kick off full-scale operations in the next
fiscal year

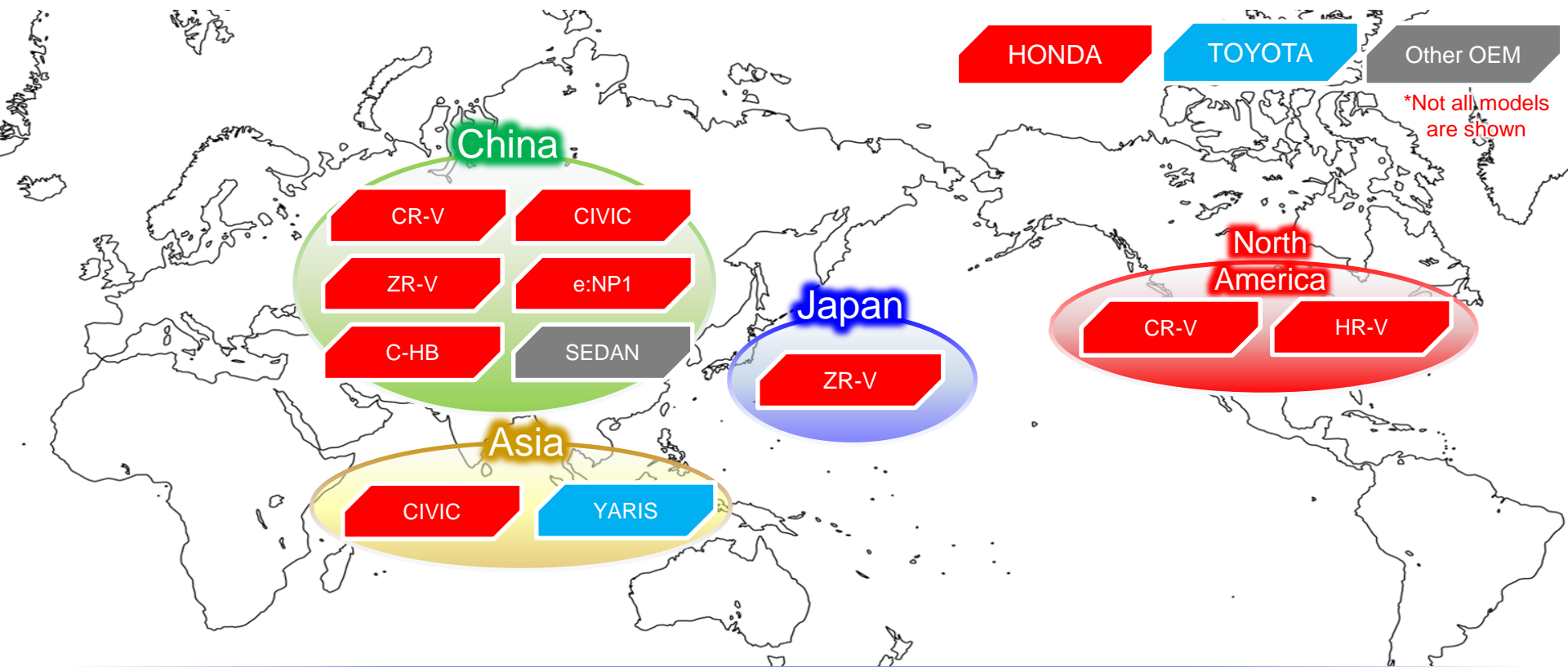


Schedule (Plan)

October 2022	Establish CFT to promote CN
November 2022	Develop road map
December 2022	Expand implementation structure and activity plans globally
April, 2023	Kick off full-scale operation

*CN: Carbon Neutral
CFT: Cross Functional Team

Efforts for Production ~New models started in the first half of the FY 2023 (Apr-Sep)~



Production and delivery of multiple models started.
14 models are scheduled to start production in the second half.

Donations to Food Bank

We donated 3,600 meals and 200 cases of drinking water to Food Bank Saitama.



Local Clean-Up Activities

We regularly conduct clean-up activities around our premises to contribute to the local community and raise associates' awareness of CSR.

KUKI Plant~ZERO Garbage clean-up activities~



In cooperation with neighboring companies, we clean up roads in the industrial park and the Bizenhori River.

KAMEYAMA Plant~Adopt program, Clean-up activities~



We voluntarily manage the greenbelt owned by Kameyama City and actively participate in clean-up activities.

HAGA Technical Center~Clean-up activities~



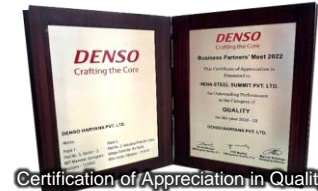
There is a large park next to the facility, we regularly conduct clean-up activities.

We are contributing to society and local communities through various activities

High recognition acquired from customers and government

Japan	Kuki	Production Engineering	<ul style="list-style-type: none"> April 2022 Awarded by Minister of Education, Culture , Sport, Science and Technology – Prize for creativity 「Improved specifications of ultra-precision machining press dies for automotive parts」
	Kameyama	Production Engineering	<ul style="list-style-type: none"> April 2022 Awarded by Minister of Education, Culture , Sport, Science and Technology – Prize for creativity 「Product transfer using product weight」
North America	FPMX (Mexico)	Quality	<ul style="list-style-type: none"> July 2022 General Motors 「Supplier Quality Excellent Award 2021」
Asia	FPMI (Philippines)	Quality	<ul style="list-style-type: none"> May 2022 Toyota Motor Philippines Corporation 「2021 SUPERIOR QUALITY PERFORMANCE AWARD」
		Quality Delivery	<ul style="list-style-type: none"> May 2022 Yamaha Motor Philippines Inc. 「2021 Supplier Award Best in Quality」 「2021 Supplier Award Best in Delivery」
	FMTL (Thailand)	Quality	<ul style="list-style-type: none"> November 2022 Nissan Motor Thailand 「Regional Quality Award」
	ISS (India)	Quality	<ul style="list-style-type: none"> July, 2022 Denso Haryana Pvt. Ltd. 「The Certification of Appreciation - in the category of Quality for 2021-22 」

Awarded for the 4th year in a row



Thank you for your attention!



The future outlook and earnings forecasts in this document are made based on the information available at the moment, and they include potential risks and uncertainties.

As a result, please bear in mind that actual business performance may substantially differ from the stated future forecasts due to changes in various factors.

For inquiries on IR information, please contact :

F-TECH INC.

Management Planning Division
General Affairs Dep. / Finance & Accounting Dep.

TEL

0480-85-5211

Mail

webmaster@ftech.co.jp

Please search by “Ftech”
<https://www.ftech.co.jp>



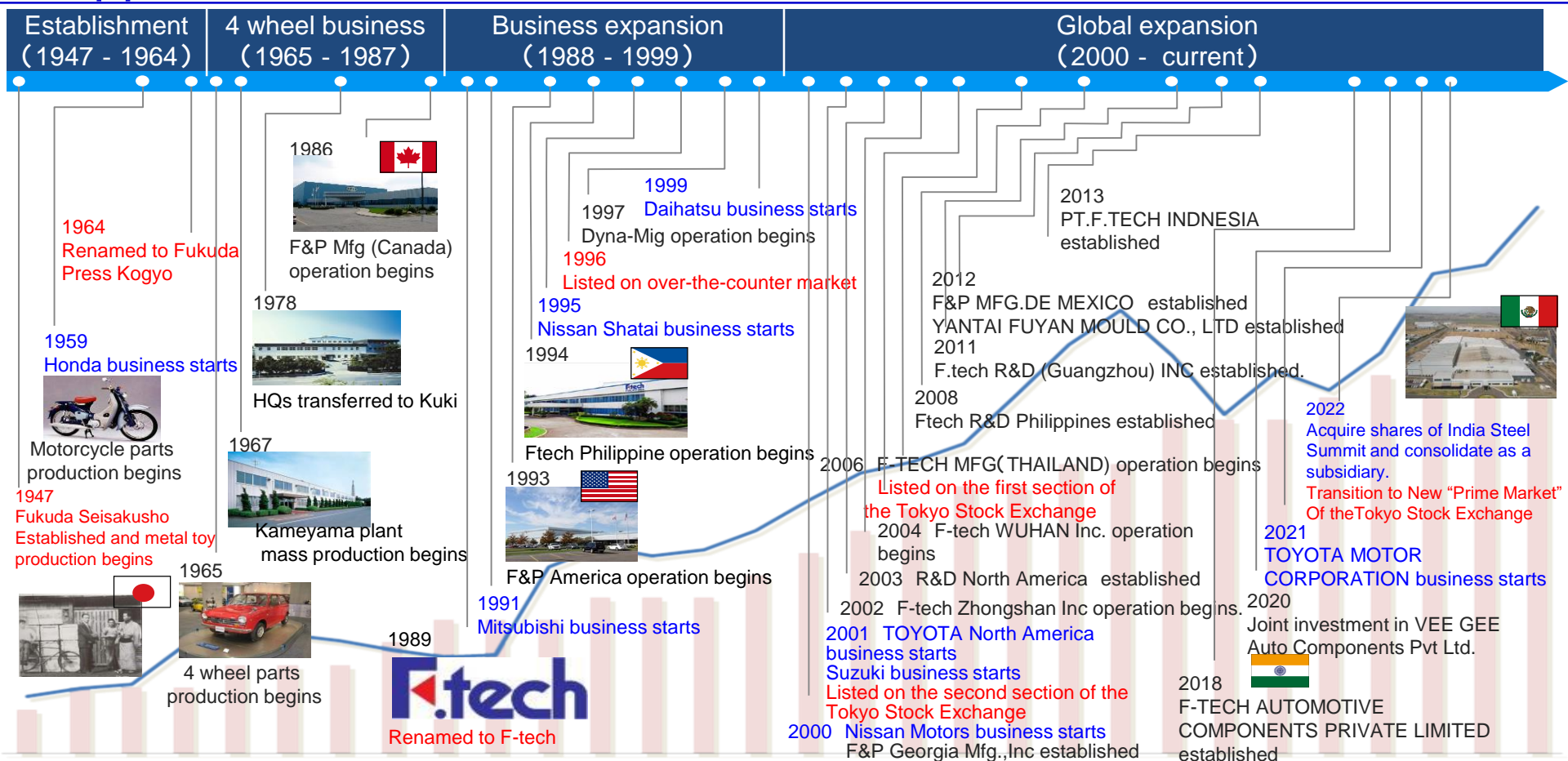
Appendix

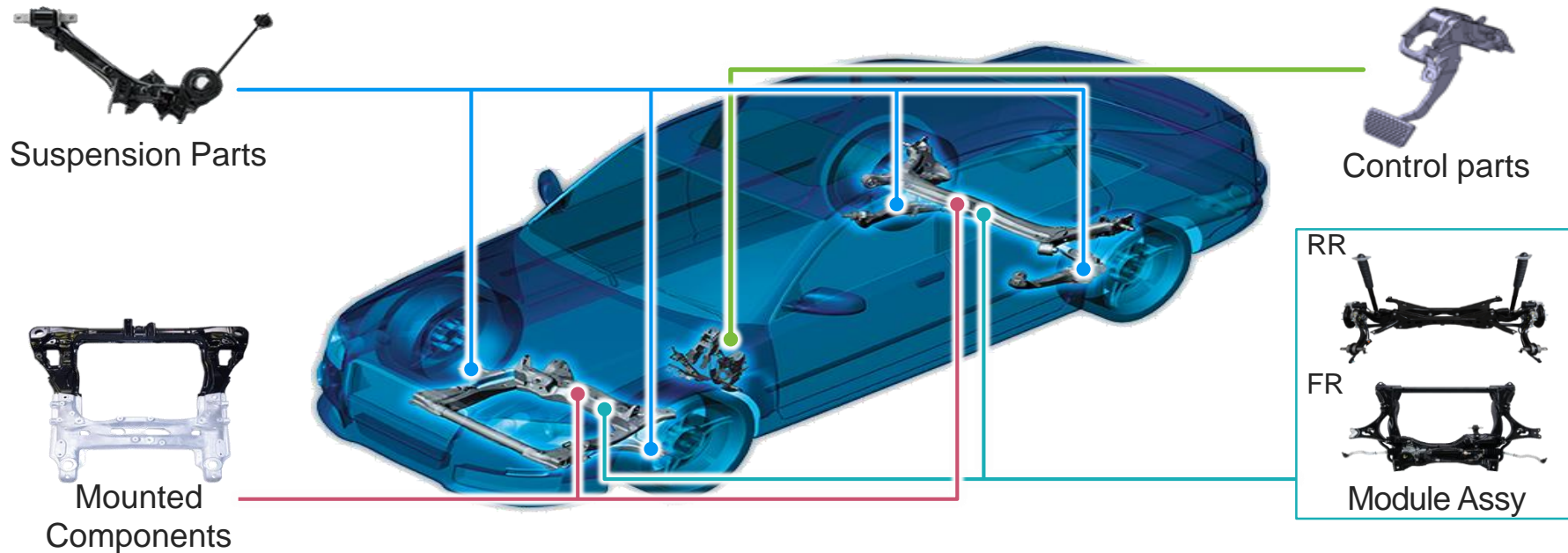
Company Name	F-TECH INC.
Market Segment	Prime market (7212)
Capital	6.79 Billion yen
President and CEO	Yuichi Fukuda
Consolidated Sales	191.8 Billion JPY (FY MAR. 2022)
Number of Employees (Consolidated)	Group total 9,150 (F-tech only: 927) *The number of F-tech (927 employees) does not include those of subsidiaries and expats.
Established	July 1st, 1947
Address	19, Showanuma, Shobucho, Kuki, Saitama 346-0194, JAPAN
Main Customers	Honda, General Motors, Nissan, Toyota, etc.
Main Products	Underbody parts for automobile - suspension arm, sub-frame, axle beam, pedal control, etc.



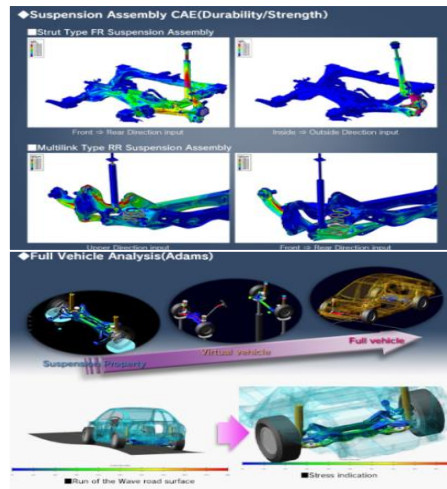
As of March 31, 2022

Appendix ~F-tech's History~





Our products are critical safety auto parts which perform fundamental functions, “Drive”, “Turn” and “Stop”. We aim at the optimal specifications considering the higher operation stability, riding comfort, and safety at the time of the collision.



All processes, from product planning and development to mass-production, are carried out through F-tech's proprietary integrated processing system, which enables F-tech to supply products that own competitiveness, even in short time frame.

● 【Facilities】

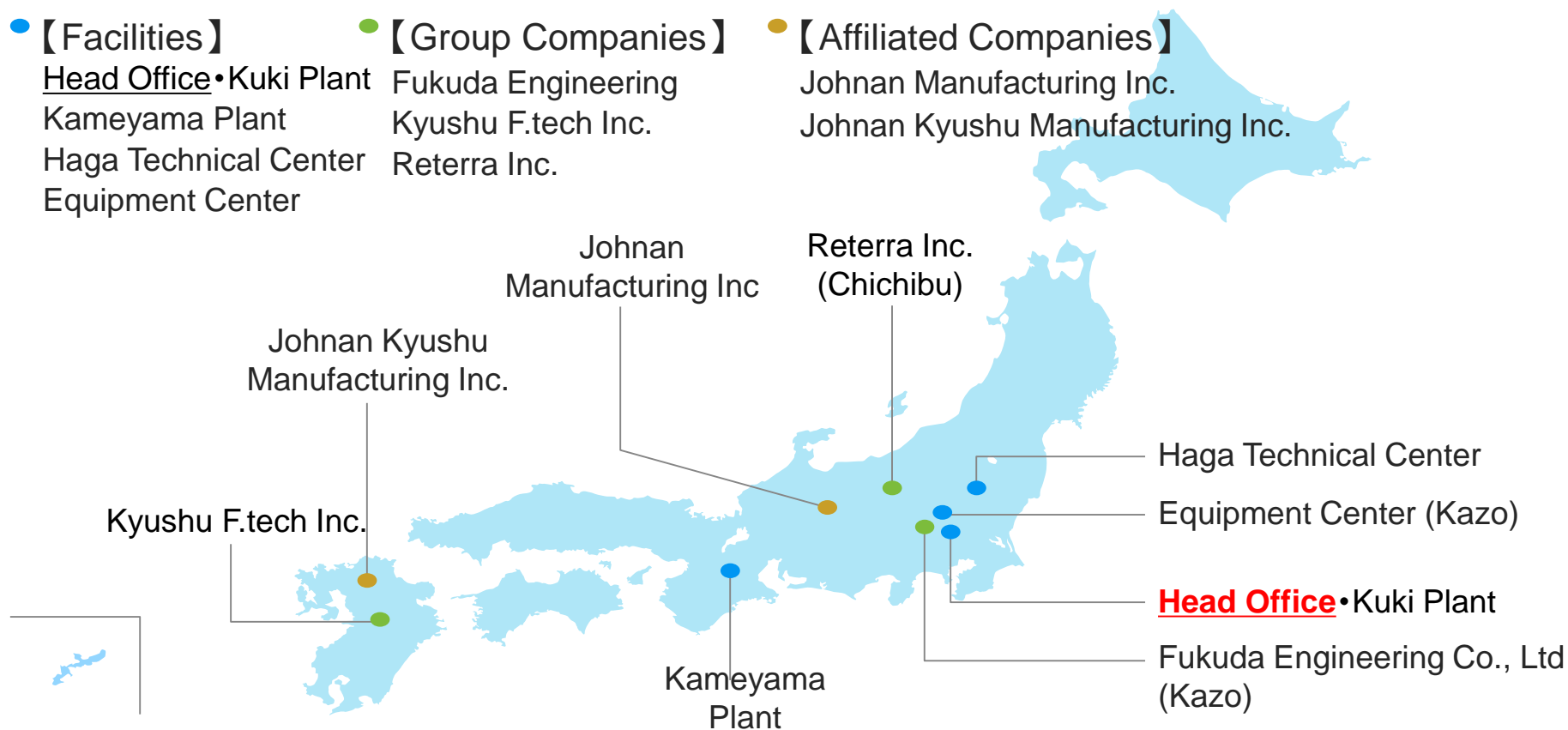
Head Office•Kuki Plant
Kameyama Plant
Haga Technical Center
Equipment Center

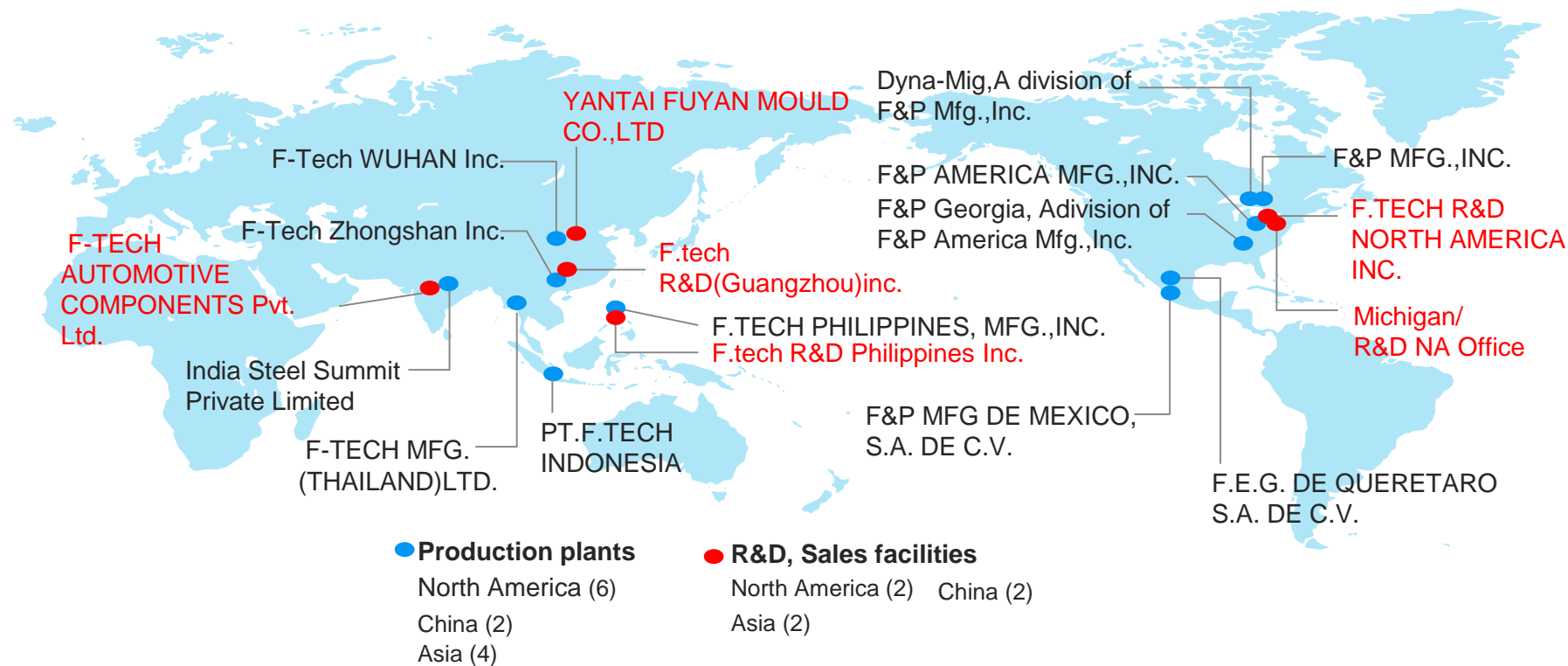
● 【Group Companies】

Fukuda Engineering
Kyushu F.tech Inc.
Reterra Inc.

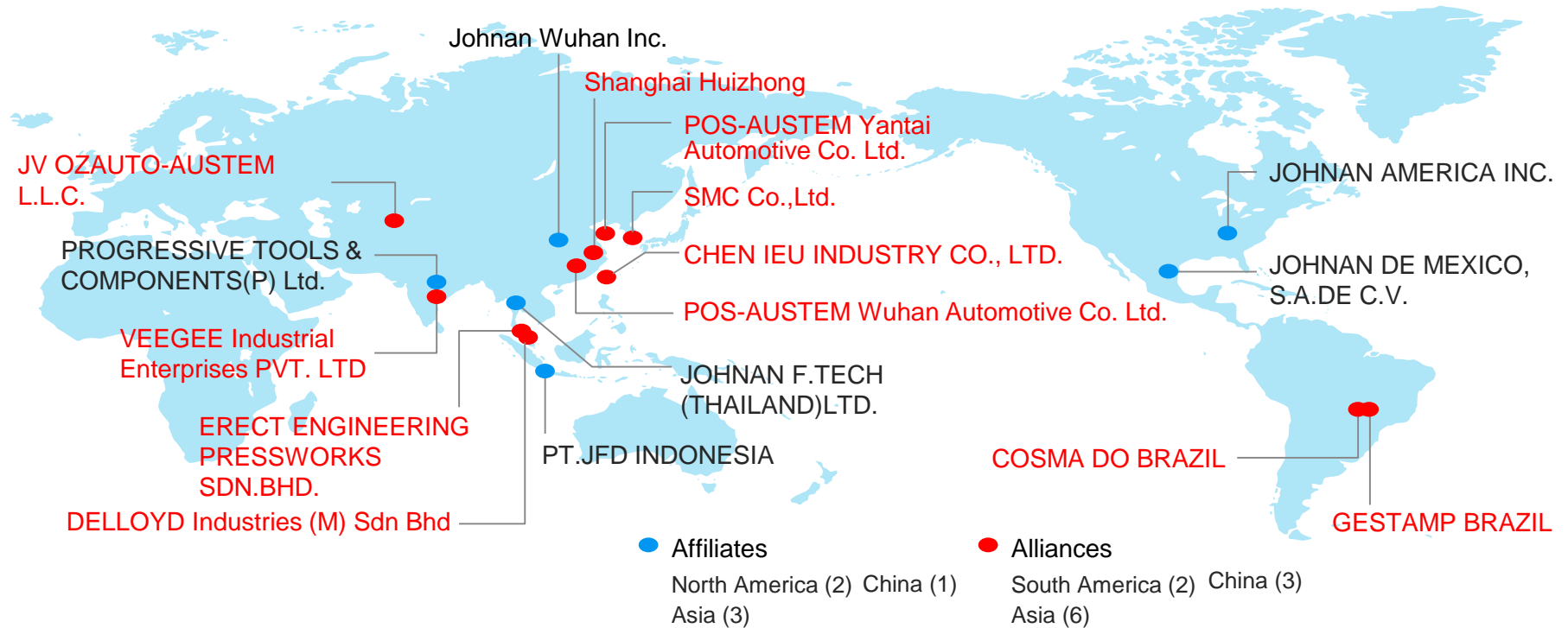
● 【Affiliated Companies】

Johnan Manufacturing Inc.
Johnan Kyushu Manufacturing Inc.





F-tech has 12 production plants and 6 R&D, Sales facilities in 8 countries.



We have established optimal business partnerships in 6 countries and 1 region in order to supply our products globally.



Company name	India Steel Summit Private Limited	
Address	Greater Noida, Uttar Pradesh, India	
Business	Steel processing, manufacture of stamped parts, Die fabrication	
Established	August 26, 2006	
Capital	INR 768,000,000 (As of April 1, 2022)	
Investment ratio	F-TECH INC.	90%
	FUKUDA ENGINEERING CO., LTD.	10%
Consolidated sales	2,090 million yen (FY Mar. 2021, Converted at 1INR=1.5 JPY)	
Number of employees	379 (as of April 2021)	